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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 004007

SIPDIS

STATE PASS AIT/W

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TAGS: [PGOV](#) [PREL](#) [TW](#)

SUBJECT: KMT LEADERSHIP TRANSITION IN THE MIST

REF: A. TAIPEI 00909

[B](#). TAIPEI 01150

[C](#). TAIPEI 01170

[D](#). TAIPEI 03865

Classified By: AIT Director Douglas Paal, Reason: 1.4 (B/D)

[1](#). (C) Summary: The KMT's stronger than expected performance in the LY election will bring more uncertainty to the party's leadership question. While KMT Secretary General Lin Fong-cheng told local media on December 12 that Lien Chan would step down as party Chairman at the end of his term next July, there are some still in the KMT that would rather keep Lien than make a choice between Taipei Mayor Ma Ying-jeou and LY President Wang Jin-pyng. While both Ma and Wang have expressed interest in the job, neither has been willing to challenge Lien explicitly. Both PFP Chairman James Soong's role in the Pan-Blue alliance, and plans to merge the KMT and PFP now appear even more tenuous. KMT reformers fear that the KMT's LY electoral victory might prove counter-productive and actually undercut the prospects for longterm reform and leadership change. End Summary.

Will he go or will he stay?  
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[2](#). (C) Following the Pan-Blue alliance winning a 114-seat majority in the December 11 Legislative Yuan (LY) election and the KMT performing better than expected, the KMT must once again turn its attention to the twin challenges of leadership change and its relationship to the People First Party (PFP). KMT Secretary General Lin Fong-cheng told local media on December 12 that Lien Chan will resign as the party Chairman at the end of his term in July 2005. (Note: A Chairman may serve for two terms. Lien is currently serving out his first term and therefore is qualified to stand for reelection. End note) Lien himself has been more ambiguous about his plans. In a press conference on election night, Lien merely repeated his earlier statement that the KMT would handle this question according to its Charter. LY President Wang Jin-pyng told the AIT Acting Director on December 16 that it was his judgement Lien will resign around August [2](#)2005. (Note: According to the KMT Charter, the Party holds an election for Chairman every four years, three months (i.e. in April) prior to its (biannual) Party Congress meeting -- next in July 2005. Wang told AIT that the Chairman election might be delayed until May or June. End note)

Deja Vu?  
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[3](#). (C) After the March 2004 presidential election, many KMT officials told AIT that to avoid a divisive internal struggle between supporters for Taipei Mayor Ma Ying-jeou and LY President Wang Jin-pyng, Lien had to stay. Some KMT legislators argued at that time that given the choice between splitting the party and keeping Lien, the latter was the lesser evil. Others even said that Lien was the only person who could unify the KMT (Refs A, B, C). Eight months later, however, on the eve of the LY election, most KMT officials, including some close to Lien, were telling AIT that Lien had to go. Former Mainland Affairs Council (MAC) Chairman Su Chi, for example, told the AIT Deputy Director on December 9 that after losing the 2000 and 2004 presidential elections and running a poor LY election campaign, Lien should resign. Taichung City Mayor Jason Hu told the AIT Deputy Director that he would urge Lien to step down (Ref D). Veteran KMT Legislator Shyu Jong-shyong went one step further, telling AIT that once the LY election was over, he will focus his energy on removing Lien. The urgency behind the effort to dump Lien may have faded now that the KMT has survived the election with its LY majority intact.

Ma and Wang on Deck?  
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[4](#). (C) As difficult as it is to determine if and when Lien will resign, it is just as difficult to assess who his successor would be. All political observers agree that there are only two real choices -- Ma or Wang. Over the last nine months, both men have indicated that they are candidates for the Chairmanship -- Wang in his usual oblique statements and Ma more deftly through his subordinates. Both have gone out of their way not to appear to be directly challenging Lien.

KMT officials repeatedly told AIT that KMT culture does not allow subordinates to challenge leaders and that this value is strongly imbued in both Ma and Wang. Perhaps nothing epitomizes the situation more clearly than when Wang Jin-pyng, with a straight face, told the AIT Acting Director on December 16 that no one has yet expressed an interest in being Chairman.

15. (C) Ma and Wang's respective popularities have ebbed and risen over time. In the immediate aftermath of March 20, KMT insiders favored Ma. Then as the party quarreled internally over the KMT role in the PFP-led street demonstrations protesting Chen's election, and Ma came under attack from James Soong and PFP for not being more supportive of the demonstrations, support shifted away from Ma to Wang. However, as the LY election campaigns got underway, Ma, with his telegenic popular appeal, began again to outshine Wang. KMT Legislator Hung Chao-nan from Taichung City told AIT that legislators across Taiwan invited Ma to stump for them. Hung said that Wang had not been nearly as popular on the campaign trail. Publicly however, few have been willing to commit to either man. KMT Legislators Alex Tsai and Apollo Chen typified this wait-and-see attitude among KMT members when each recently told AIT, "I am staying neutral."

16. (C) Differences between Ma and Wang have been repeated ad nauseam -- Ma is a Northerner, a Mainlander, and a media star who cut his political teeth as an administrator/executive. Wang is a Southerner, ethnic Taiwanese, backroom wheeler-dealer, and a master of the legislative process. Their strengths and weaknesses are equally well known. Party members criticize Ma for being indecisive and lacking the stomach for rough and dirty politics. KMT elder Hsu Li-teh told AIT Deputy Director on December 7 that even Ma's own father acknowledged his son lacked leadership skills and was nothing more than a technocrat. Ethnic Taiwanese KMT members (bentupai) have told AIT it is unlikely that a Mainlander could be elected President and that KMT bentupai would insist the next Chairman be Taiwanese.

17. (C) Despite Ma's reported shortcomings, many KMT insiders feel Wang's feet of clay are even worse. KMT Legislator Hung Chao-nan told AIT that Wang is the very symbol of "black gold" (money) politics and has little appeal among the electorate. While acknowledging that so far no one has produced any evidence about Wang's rumored "legal problems," Su Chi explained that many in the KMT fear that if they supported Wang for Chairman and later President, at the eleventh hour, the DPP might expose a scandal destroying Wang and the KMT along with him. Ironically, this would replicate the KMT's eleventh hour tarring of James Soong in 2000 for being Lee Teng-hui's bagman. Moreover, Su added, "Wang is a poor public orator who puts people asleep as quickly as Lien Chan does."

#### Procedural Gremlins

18. (C) Another complicating factor is the mechanism by which the next Chairman will be selected. In 2001 the KMT revised the Party Charter to allow for direct election of the Chairman. Despite these "democratic" reforms, Su Chi told AIT that it is quite possible that Party elites might still be able to control the decision and impose their choice on the rest of the Party. If this were the case, Su said, Wang would be at a great advantage because he excels in backroom deals. However, if the decision were left to the Party Congress of some 800 members, Su expected Ma would be the choice. And yet, Su mused, if the rules were interpreted to allow every "card-holding" KMT member to vote, Wang would know how to manipulate the balloting to his favor.

#### You Can't Go Home Again

19. (C) Another unresolved question is whether there is a place in the KMT for James Soong, who has publicly made it clear he is unwilling to be relegated to "Number Two." During LY campaign, Soong went into high gear and appeared to be plotting his return. Longtime Soong confidant Daniel Hwang (Yih-jiau) told AIT on November 15 that Lien and Soong had worked out a secret agreement in which the two parties would merge in February 2005, Lien would remain chairman, and Soong would be appointed to a newly created position of Deputy Chairman. As part of the pact, Ma would be the 2008 presidential nominee with the understanding that Soong would be appointed Premier in a Ma Presidency. Hwang said that Wang does not have a role in this new arrangement because Lien and Soong decided that Wang lacked charisma.

110. (C) However, as relations between the PFP and KMT continued to sour during the course of the LY campaign, the alleged secret agreement apparently fell by the wayside. The terms of the secret agreement clearly illustrate that the primary dilemma for Lien in his push for merger is finding an appropriate role for Soong in a reconstituted KMT-PFP. PFP

elder and former Taipei City Council Speaker Luo Bin told AIT on December 8 that the greatest stumbling block to a merger was James Soong himself. A KMT official told AIT that there had been no progress in merger talks before the election because Soong was dissatisfied with becoming just one more KMT vice chairman. The KMT official pointed out that if the KMT had offered Soong the Chairmanship, "he would be back quicker than greased lightning."

11. (C) The day after the PFP's poor showing in the December 11 LY race, Soong ruled out the possibility of a merger. On December 13, he publicly blamed the KMT for his party's poor election showing, bitterly lamenting that many outstanding PFP candidates did not win because the KMT had withdrawn its support for them. Soong also criticized Wang Jin-pyng for not being more supportive of PFP causes in the LY and suggested that the PFP might not support Wang's bid for LY presidency in the next session. PFP Legislator Sun Ta-chien told AIT on December 13 that "too many conflicts happened in this campaign," and the KMT was "not our friend and did everything it could to push us out." Even if the KMT and PFP were to merge, he added, he would not cooperate with the KMT.

Comment: A Bad Ending

12. (C) The surprise outcome of December 11 election has not eased the internal tension that existed within either in the KMT or the Pan-Blue prior to the election. In many ways the KMT's stronger than expected showing has complicated matters. Lien's advisors are urging him to stay on as Chairman. The ongoing divide between Ma and Wang will enhance the likelihood that Lien can remain as Chairman if he so chooses. As the KMT's James Chen pointed out, keeping Lien Chan as Chairman serves the important purpose of keeping the party together. The choice between Ma Ying-jeou and Wang Jin-pyng is actually symbolic of deep splits within the KMT between the Mainlander and the Bentu wings. While Ma clearly has greater popular appeal, the KMT's LY electoral success will give Wang a boost in the upcoming leadership battle. The PFP's poor performance will put enormous pressures on James Soong. Already a volatile personality in the best of times, Soong might well make statements in the days ahead that will aggravate the KMT's problems. The issue of leadership transition is crucial for the KMT and its viability as a political force. After 2004 presidential election, several KMT reformists told AIT that they secretly wished their Party could suffer more small defeats so that the Old Guard would leave the scene and allow them to commence the much needed internal reforms. Paradoxically, from that viewpoint, the KMT's December 11 "victory" might have been the worst thing that could have happened.

PAAL